

	<p>INTERNAL AUDIT POLICY</p>	<p>Policy No. 6550 July 7, 2021 Page 1 of 3</p>
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It is the policy of the Seattle School Board that the District shall establish and maintain an Office of Internal Audit to provide independent and objective assurance and consulting services designed to add value and improve the District's operations. An internal audit function provides significant value to the District by serving as an unbiased resource that assists leaders in identifying and addressing critical operational and compliance concerns that could prevent the District from achieving its goals, including those targeting the equitable provision of education. Overall, the work performed by Internal Audit will help the School Board, Superintendent, and other District personnel accomplish goals while strengthening the processes and procedures of the District. As long as the District's goals are centered on student outcomes, Internal Audit will have a positive impact on students.

This document also serves as the Office of Internal Audit Charter.

Scope of Internal Audit Activities

The scope of internal audit activities encompasses all District functions, including programs. This includes, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Board, management, and appropriate third parties on the adequacy and effectiveness of governance, risk management, and control processes for the District. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of the District's strategic objectives are appropriately identified and managed.
- The actions of District employees, and contractors follow District policies, procedures, applicable laws and regulations, and best practices.
- Operations and/or program outcomes are consistent with established objectives and are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that apply to the District.
- District operations support effective fiscal accountability, internal control environment, capital program administration, and mitigation of fraud risks.
- Information and the means used to identify, measure, analyze, classify, and report information are reliable and have integrity.

- Resources and assets are acquired economically, used efficiently, and protected adequately.

In addition to identifying and conducting internal audits, Internal Audit will also:

- Provide the Audit and Finance Committee, the Superintendent, and management with final audit reports and presentations.
- Update the Audit and Finance Committee on a quarterly basis on the status of the audit work plan.
- Coordinate audit and external review efforts with those of the state auditor and other third parties.

The internal audit function shall be considered an essential element in achieving the mission, goals, and objectives of the District. As such, management is expected to actively engage with the Office of Internal Audit to promote the identification and delivery of high-value audits that support District objectives.

Internal Audit Governance

A core function of the Audit and Finance Committee for the internal audit activity is to promote the independence of the internal auditors by protecting them from management's influence or any other personal or political agenda.

The chief internal auditor must have direct and unrestricted access to senior management and the board, and therefore reports functionally to the Audit and Finance Committee in order to maintain independence from District management. The chief internal auditor also reports administratively to the Superintendent for personnel functions such as leave approval, payroll, reimbursements, and provisions for office space and supplies. The position will be secured by a renewable employment contract in accordance with State law. The Board, wishing to promote independence and objectivity, authorizes the Chair of the Audit and Finance Committee to renew the chief internal auditor's employment contract for up to three consecutive years. Subsequently, the Audit and Finance Committee must approve the renewal of the chief internal auditor employment contract and re-authorize the Chair of the Audit and Finance Committee to renew the contract for up to three additional consecutive years.

To establish, maintain, and assure that the Internal Audit Department has sufficient authority to fulfill its duties, the Audit and Finance Committee will:

- Review and approve the risk-based internal audit work plan.
- Ensure that the internal audit activity is allocated sufficient resources.
- Receive communications from the chief internal auditor on the Internal Audit Department's performance relative to its plan and other matters.
- Recommend the selection and removal of the chief internal auditor to the full School Board.
- Approve the renewal of the chief internal auditor employment contract every four years and authorize the Chair of the Audit and Finance Committee to

renew the chief internal auditor employment contract for up to three additional consecutive years.

- Make appropriate inquiries of management and the chief internal auditor to determine whether there are scope or resource limitations.
- Review and accept the internal audit activity's work product (e.g. findings and recommendations).
- Oversee appropriate corrective action for deficiencies noted by the internal audit activity, including approving corrective action plans and reviewing validation of management activities taken to resolve audit findings.

In order to effectively carry out its role, the Internal Audit Department requires cooperation from District management, which enables the department to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Allocate resources, set frequencies, select audit topics, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- Obtain assistance from the necessary personnel of the District, as well as other specialized services from within or outside the District, in order to complete the engagement.

Independence and Objectivity

The chief internal auditor will ensure that the Office of Internal Audit remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the chief internal auditor determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment.

Adopted: February 2012

Revised: July 2021; June 2013

Cross Reference: 6550BP

Related Superintendent Procedure: N/A

Previous Policies: G23.00; G23.01

Legal Reference:

Management Resources: